



February 6, 2003

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**Alan L. Wells**

President & Chief Executive Officer

Honorable Michael Powell  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: CC Docket Nos. 01-338, 96-98, and 98-147, Competition in Iowa

Dear Chairman Powell:

Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom is a mid-sized incumbent local exchange carrier that serves exclusively rural exchanges in the State of Iowa. Based on Iowa Utilities Board decisions, Iowa Telecom is obligated to provide the UNE platform and unbundled switching, regardless of the fact that it is a rural carrier facing strong competition from facilities-based rivals. Although the record evidence in this proceeding compellingly demonstrates that CLECs are not impaired anywhere without unbundled switching,<sup>1</sup> Iowa Telecom understands that some parties have urged the Commission to adopt triggers for eliminating unbundled switching based on the number of lines in a wire center or the number of competitive switches in a specific geographic area. If the Commission decides to adopt such triggers, it must avoid establishing tests that effectively would require rural telephone companies to provide this UNE in perpetuity, notwithstanding the existence of significant facilities-based competition.

In rural Iowa, for example, facilities-based competition is rampant, especially in the form of overbuilding by adjacent ILEC subsidiaries and municipal CLECs. These CLECs often use their own switching services or switching services provided by a third party. To date, sixteen CLECs have commenced operations in thirty exchanges in Iowa Telecom's service territory. Of these, fifteen CLECs have constructed their own facilities, overbuilding Iowa Telecom's network in twenty-three exchanges. The majority of overbuilding CLECs are affiliates of ILECs that operate in territories adjacent to that of Iowa Telecom. The remainder are municipal CLECs, which are increasingly entering Iowa Telecom's service territory. To date, four municipal CLECs are competing with Iowa Telecom by means of their own hybrid fiber/coaxial networks. Heightening the competitive pressure on Iowa Telecom, overbuilding CLECs have deployed facilities in the most densely populated areas of towns, leaving Iowa Telecom to serve the most rural, highest cost customers in these communities.

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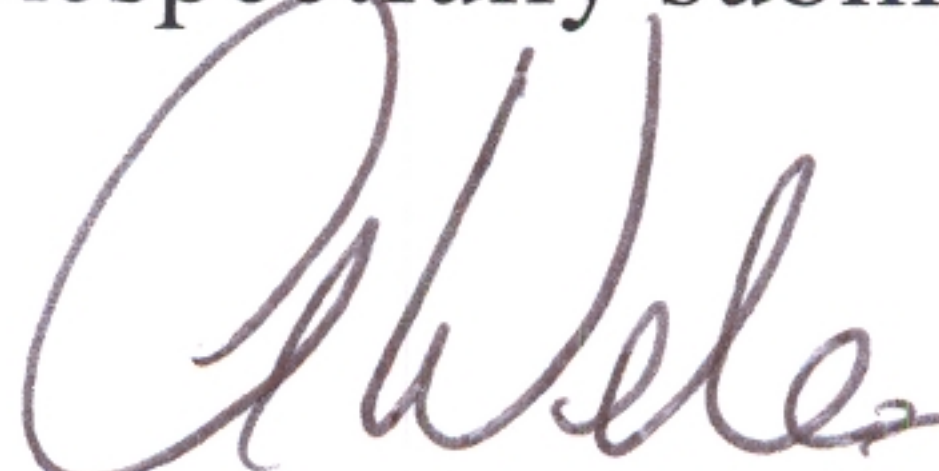
<sup>1</sup> See e.g., *Reply Comments of Verizon Telephone Companies, Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers and Implementation of the Local Competition Provisions of Telecommunications Act of 1996*, CC Docket Nos. 01-338, 96-98, and 98-147, at 6 (filed July 17, 2002) ("CLECs are using some 1300 competitive circuit switches to provide service to between 16 and 23 million local lines, including three million residential lines...").



Against this backdrop of vibrant competition in rural markets, Iowa Telecom understands that some parties have proposed that the Commission require ILECs to unbundle switching in central offices with fewer than 5,000 or 10,000 lines or to retain the unbundled switching requirement unless there are a specified number of alternative providers in a market. This type of test could shackle smaller ILECs with the unbundling obligations indefinitely given the unique nature of competitive entry in rural areas. For example, even though Iowa Telecom is vigorously competing with facilities-based CLECs in many of its exchanges, none of our central offices has 3 or more alternative providers and all of our central offices have fewer than 10,000 lines. In at least ten known cases in Iowa, CLECs purchase switching from at least two separate third-party vendors. Given the small size of these markets, however, and the existing availability of switching services, no more competition is necessary to demonstrate that a competitive market exists.

As Iowa Telecom's experience demonstrates, unbundled switching is no longer needed by competitors in its rural territories. Nevertheless, and in any event, a competitive trigger test for determining when unbundled switching should no longer be offered must take into account the specific circumstances facing rural communities. Accordingly, if the Commission does not eliminate unbundled switching nationwide, it should provide that rural telephone companies whose rural exemption has been removed need not offer unbundled switching where there is at least one competitor in an ILEC's LATA using its own switch or switching services acquired from another source (whether or not located in that exchange) to serve customers.

Respectfully submitted,



Alan L. Wells

President & Chief Executive Officer

cc: Commissioner Kathleen Q. Abernathy  
Commissioner Michael J. Copps  
Commissioner Kevin J. Martin  
Commissioner Jonathan S. Adelstein  
William Maher

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<sup>2</sup> See Comments of GCI, Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers and Implementation of the Local Competition Provisions of Telecommunications Act of 1996, CC Docket Nos. 01-338, 96-98, and 98-147, at 3-4.

<sup>3</sup> See Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers and Implementation of the Local Competition Provisions of Telecommunications Act of 1996, CC Docket Nos. 01-338, 96-98, and 98-147, Re: Competition in Puerto Rico (filed February 5, 2003).